

**Tab A**

**PLAINTIFFS' DEFICIENT GAAS ALLEGATIONS**

<b><u>Alleged GAAS Violation</u></b>	<b><u>Why Deficient Under 9(b) and The PSLRA</u></b>
[I]n contrast to . . . GAAS, [PwC] conducted the . . . [2000] audit . . . under an assessment of risk . . . unchanged by facts and events that called into question the character and integrity of Organogenesis' most senior management . . . (¶ 176.)	<ul style="list-style-type: none"> <li>Plaintiffs offer no factual basis for the conclusion that PwC failed at any point in time to adequately consider risk, or to change that assessment as needed</li> </ul>
[PwC] did not exercise due professional care in performing the audit and preparing the audit report . . . because it failed to: (i) obtain sufficient competent evidential matter to support [the financials]; (ii) maintain an attitude of professional skepticism; and (iii) render an accurate audit report (¶ 177.)	<ul style="list-style-type: none"> <li><u>No</u> facts are alleged to indicate what audit, what audit report, what entries and what alleged GAAS departures are at issue;</li> <li><u>No</u> facts are alleged to support claim that PwC failed to "obtain sufficient competent evidential matter."</li> <li>The complaint does not identify the evidential support PwC relied upon, or explain why it was insufficient, nor does it identify any particular procedures that PwC neglected.</li> </ul>
[PwC] violated GAAS Standard of Reporting No. 4 that requires that, when an opinion on the financial statements as a whole cannot be expressed, the reasons therefore must be stated. [PwC] should have stated that no opinion could be issued . . . or issued an adverse opinion . . . (¶ 178.)	<ul style="list-style-type: none"> <li><u>No</u> facts are alleged why PwC should have issued an "adverse" opinion, "disclaimed" or not issued an opinion.</li> <li>Plaintiffs fail to even allege that the numbers in these financial statements are incorrect.</li> </ul>
[PwC] violated GAAS General Standard No. 2 which requires . . . an independence in mental attitude . . . (¶ 179.)	<ul style="list-style-type: none"> <li>These paragraphs simply list an auditing standard followed by the conclusion that PwC failed to follow it -- this is insufficient as a matter of law.</li> </ul>
[PwC] violated . . . [SAS] Nos. 1 and 53 by . . . failing to adequately plan its audit and properly supervise the work of assistants and to establish and carry out procedures reasonably designed to search for and detect . . . errors . . . that would have a material effect upon the financial statements." (¶ 181.)	<ul style="list-style-type: none"> <li>No facts are alleged in support of the assertions in ¶¶ 179, 181 and 183.</li> <li>The allegation in ¶ 181 is virtually indistinguishable from a purported GAAS violation alleged in <u>Stone &amp; Webster</u>, 253 F. Supp. 2d at 133, which this Court held was "stated in completely conclusory terms" and was not "pleaded with the particularity required by the PSLRA. and Rule 9(b)." <u>Id.</u></li> </ul>
[PwC] violated GAAS Standard of Field Work No. 2, which requires . . . a proper study of existing internal controls . . . (¶ 183.)	
[PwC] violated [SAS] No. 82 . . . it failed to adequately consider the risk that the [financial statements] . . . were free from material misstatement . . . [PwC] knew or recklessly disregarded numerous risks relevant to financial reporting . . . (¶ 180.)	<ul style="list-style-type: none"> <li>Plaintiffs have not even alleged a material misstatement in the financial statements audited by PwC.</li> <li>Plaintiffs fail to specify <u>which</u> risks were ignored; <u>how</u> such risks impacted the financial statements, and fail to plead any facts with particularity suggesting that PwC ever failed to take these factors into account.</li> </ul>
[PwC] violated GAAS and . . . [SAS] No. 8 by failing to take appropriate action relating to material misstatements and omissions of fact contained in the Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") [of the 2000 Form 10-K] (¶ 182.)	<ul style="list-style-type: none"> <li>Plaintiffs only conclusorily allege material misstatements or omissions in the MD&amp;A, and conclusorily presume that PwC failed to take appropriate action -- without specifically alleging any reason why PwC should have been aware of any purported misstatements in the MD&amp;A.</li> </ul>